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RUEHJM/AMCONSUL JERUSALEM PRIORITY 6094
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY
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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

- [1](#)1. Iran
- [1](#)2. Proposed Baghdad Conference

Key stories in the media:

Ha'aretz quoted a senior political source in Jerusalem as saying on

Wednesday that Olmert and PA Chairman [President] Mahmoud Abbas will meet in two weeks, their third meeting since the resumption of top-level diplomatic contacts. They will concentrate on ways of "furthering the dialogue" in view of the difficulties in forging a Palestinian unity government. Ha'aretz wrote that earlier this week, aides for the two leaders met for a frank discussion to prepare for the Olmert-Abbas meeting. Ha'aretz quoted Abbas as saying in Cairo on Tuesday that he would meet Olmert in "a week or two." Ha'aretz said that Olmert reiterated on Wednesday during his meeting with the visiting European Union Commissioner for Foreign Affairs, Benita Ferrero-Waldner, the preconditions for proceeding further with diplomatic talks with the Palestinians. "My talks with the Palestinian President will deal with issues relating to containing terrorism and the quality of life of the Palestinians," he was quoted as saying. Ha'aretz recalled Olmert's unwillingness to discuss the issue of a final status or the implementation of the second stage of the Roadmap.

Ha'aretz quoted Iraqi sources as saying that Syria and Iran have agreed to participate in the "Baghdad conference" that will discuss the security crisis in Iraq. The Jerusalem Post reported that, a day after US Secretary of State Condoleezza Rice said the US would take part in a "neighbors' meeting" with Syrian and Iranian representatives on stabilizing Iraq, Israeli officials said Jerusalem had no need to "feel threatened" by the move. Government officials in Jerusalem were quoted as saying that the decision "is about Iraq," and that when it comes to Iraq, "Israel is not the one to tell the administration what to do." Major media said that the US, meanwhile, reassured Israel that its policy on Tehran's nuclear program remained firm, despite its willingness to sit with Iranian representatives. Leading media reported that Rice, hosting Knesset Speaker and Acting President of Israel Dalia Itzik in Washington, stressed to her that Iraq would be the central focus of the regional talks slated for next month. The Jerusalem Post reported that Itzik told Israeli reporters following the meeting: "I couldn't detect any cracks in the American position on the Iranian nuclear issue."

Ha'aretz and The Jerusalem Post reported that on Wednesday Strategic Affairs Minister Avigdor Lieberman told the Knesset's Defense and Foreign Affairs Committee that Israel is capable of dealing with the Iranian threat on its own. "Israel has the capability to deal with the Iranian threat, even in the worst case scenario in which our friends throughout the world stop dealing with the threat and we are left on our own," he was quoted as saying. Lieberman warned that "unless Iran is contained and it is blocked from achieving its goal, the minute it acquires non-conventional weapons the entire Middle East will enter a mad arms race and it is therefore the obligation of the Western world to block Iran." The minister was quoted as saying that the sanctions against Iran were effective and that they have shocked the Iranian economy that is being managed by 50 to 60 families holding monopolies. Lieberman was quoted as saying that sanctions should be directed at those families by restricting their travel and limiting their banking transactions. He expressed hope that the sanctions would bring about a collapse of the Iranian regime.

The Jerusalem Post's web site reported that FM Tzipi Livni told the Palestinian daily Al Ayyam in an interview published this morning that "Israel could not accept the Arab peace initiative in its current format." The Arab peace plan, also known as the Saudi Initiative, was adopted by all the Arab states participating in the Beirut summit of the Arab League in April 2002. Livni was quoted as saying that the wording regarding the Palestinian claim to a "right of return" was one of the reasons the plan was currently unacceptable to Israel. Israel Radio reported that, in the interview, Livni was critical of the Mecca Agreement reached between Fatah and Hamas.

The Jerusalem Post reported that on Wednesday a four-member team of experts from UNESCO toured the Antiquities Authority's archaeological dig near Jerusalem's Temple Mount that triggered protests around the Arab world.

Yediot reported that Environment Minister Gideon Ezra, a former deputy Shin Bet head, has recently advised Olmert to consider releasing Fatah-Tanzim leader Marwan Barghouti. Ezra was quoted as saying: "I know that Barghouti's name evokes repugnance, but, what to do, he is the strongest man among the Palestinians."

The Jerusalem Post printed an AP wire report saying that on Tuesday UN Secretary-General Ban Ki-moon met relatives of two IDF soldiers seized by Hizbullah in northern Israel at the start of last year's Lebanon war and promised that he will keep working hard for their release.

Hatzofe reported that the marketing campaign of West Bank houses in the US is successful.

Hatzofe reported that right-wing groups are planning the reconstruction of Homesh, a northern West Bank settlement destroyed during the disengagement.

Yediot reported that on Wednesday Al-Ahram, the official Egyptian newspaper, prominently published a story according to which National Infrastructure Minister Binyamin Ben-Eliezer, a man liked by President Hosni Mubarak and the Egyptian leadership, was responsible for killing 250 Egyptian troops in the Sinai at the end of the Six-Day War. The report is based on a feature broadcast on Israel TV.

Yediot reported that Israel will accelerate its launching of satellites into space.

Last night Channel 10-TV revealed the existence of an internal document written by an adviser to PM Ehud Olmert when he was Minister of Industry and Trade. The document lists the favors and promotions Olmert and his associates granted to 115 political activists and Likud Central Committee members. The media quoted Olmert as saying that he did not recall the document in question and that he acted in accordance with the attorney general's directives. The Prime Minister's Office said some of the details appeared to be correct and justified, while others were not. Hatzofe bannered: "Ehud Olmert's Corruption Industry." In an unrelated development, Yediot noted that on Wednesday senior New York Times columnist Thomas Friedman criticized the weakness of the Israeli government and described the Israeli public's contempt for it.

Ha'aretz and Yediot quoted Shin Bet chief Yuval Diskin as saying on Monday that his service is to acquire a security system based on new technology to prevent the need for separate, individual screening of Arab passengers at airports.

Yediot reported that Vice PM Shimon Peres has put Col. Erez Ron in charge of the "Peace Canal" project linking the Red Sea with the Dead Sea.

Ha'aretz cited the GOI's Central Bureau of Statistics as saying on Wednesday that unemployment decreased significantly in 2006, especially during the last quarter of the year, when it sank to its lowest level in a decade amid strong economic growth.

All media prominently reported that Knesset Member Esterina Tartman withdrew her candidacy for tourism minister last night, only four days after she was nominated, following a series of embarrassing revelations about nonexistent university degrees and a medical opinion that declared her incapable of working more than four hours a day. Her announcement followed a meeting with Yisrael Beiteinu Chairman Avigdor Lieberman at which he evidently persuaded her that she would have to concede the job. In her place, Yisrael Beiteinu nominated MK Yitzhak Aharonovitch, number eight on the party's slate, confounding expectations that Lieberman would choose MK Yisrael Hasson, who occupies the number two slot. In the past, Aharonovitch served as a high-ranking police official.

The Jerusalem Post quoted Asaf Homosany, the Israel director of the NASDAQ Stock Market, as saying on Wednesday that Israeli companies, already the biggest non-US contingent on NASDAQ, will hold more initial share sales on the exchange in the next two year than it did in the last two.

Ha'aretz reported that Polish PM Jaroslaw Kaczynski told leaders of the Conference on Jewish Material Claims Against Germany on Wednesday that Poland is working on a law entitling Jews to receive partial compensation for family property stolen during the Holocaust. The law is slated to be passed by the end of the year.

Maariv described the upcoming hike in the cost of acquiring American

citizenship.

Yediot reported that researchers at the English University of Leicester believe that founding father and President Thomas Jefferson was Jewish.

11. Iran:

Summary:

The conservative, independent Jerusalem Post editorialized: "Now there should be no obstacle to a fully bipartisan American policy toward Iran."

Block Quotes:

"Time For Bipartisanship"

The conservative, independent Jerusalem Post editorialized (3/1): "It is not yet clear what will ultimately result from Monday's six-nation talks in London to decide on a Western response to Iran's defiance of yet another UN deadline. An agreement evidently was reached to marginally tighten existing UN sanctions. The most immediate battle, however, is to more fully implement the financial sanctions already imposed by the last UN Security Council resolution.... Though there is some support among European governments for turning the financial screws on Iran, there is also opposition. This is where those who have been pressing the US to talk to Iran, and who now seem to be getting their way, have a responsibility to step in. Now there should be no obstacle to a fully bipartisan American policy toward Iran. Congressional leaders and the White House presumably agree: A diplomatic solution is preferable to a military one, but for diplomacy to have a chance, the campaign to sanction Iran must move into high gear. In this context, a bipartisan leadership delegation from the US Congress, pressing European leaders to fully join the US-led sanctions campaign, could help convince reluctant allies to present a united front. Those who want to avoid the military option most should be the first to participate in such an effort, which is the last, best chance to stop the growing Iranian threat without firing a shot."

12. Proposed Baghdad Conference:

Summary:

Diplomatic correspondent Herb Keinon wrote on page one of the conservative, independent Jerusalem Post: "The decision [to convene an international conference in Baghdad] was far from a full acceptance of the Baker-Hamilton bipartisan report on Iraq that called for direct US engagement with Syria and Iran."

Senior Middle East affairs analyst Zvi Bar'el wrote in the independent, left-leaning Ha'aretz: "Even if Washington insists there is no connection between the talks on the Iranian nuclear program and the situation in Iraq, it will be hard-pressed to find an audience for its claims."

Block Quotes:

1I. "A Tactical, Not Strategic, Change"

Diplomatic correspondent Herb Keinon wrote on page one of the conservative, independent Jerusalem Post (3/1): "The US decision to take part in a regional conference on Iraq that will include Iran and Syria did not send diplomatic officials in Jerusalem scrambling to recalibrate Israel's diplomatic policies to deal with a seismic shift in US Middle East policy, for the simple reason that Jerusalem does not feel this represents a seismic shift in US regional policy.

A tactical shift in how to deal with Iraq? Yes. But a strategic regional shift? Not at all. The first thing Israeli and US

officials stressed Wednesday, following US Secretary of State Condoleezza Rice's announcement of the decision, was that the conference will be an international gathering, and will not constitute direct bilateral talks between the US and either Iran or Syria. In this sense, the decision was far from a full acceptance of the Baker-Hamilton bipartisan report on Iraq that called for direct US engagement with Syria and Iran. Another element stressed in Jerusalem was the US domestic political context in which the decision was made. In this regard, the decision was viewed as a tactical step taken by President George W. Bush to give the Democratic Congress something in return for not stopping his move to send another 21,500 troops to Iraq, and to show Congress and the American public that he is not deaf to their concerns and demands. And in the localized context of Iraq, this is seen as a tactical move to try and do something that could perhaps be a positive step toward stabilizing the worsening situation there. There is also no sense in Jerusalem that the decision to engage Syria and Iran on Iraq constitutes an American green light for Israel to begin actively exploring various diplomatic feelers Damascus has put out in recent months."

II. "Waiting For the US to Tire"

Senior Middle East affairs analyst Zvi Bar'el wrote in the independent, left-leaning Ha'aretz (3/1): "Russia is positioning itself in the Middle East in anticipation of the moment the United States begins its Iraq pullout. At the Munich Conference on Security Policy in February, Putin accused the US of aspiring to dominate the world. Meanwhile, Putin has no intention to stay in his corner. It therefore appears that the American willingness to participate in a conference with Syria and Iran is related to the Russian regional involvement and the threat to America's standing. Washington has made it clear that during this conference, no meetings will be scheduled with Iranian and Syrian representatives, but it will be impossible to avoid preliminary talks between the American ambassador in Iraq and senior Iranian representatives if the conference is to have results. The same applies to Syria. Therefore, even if Washington insists there is no connection between the talks on the Iranian nuclear program and the situation in Iraq, it will be hard-pressed to find an audience for its claims. It seems that a solution for Iraq has been becoming more urgent than the nuclear issue -- especially following Britain's announcement that it was withdrawing another 1,600 soldiers, and plans by other allies to leave the US on its own."

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